

Economic Report Series

Report of the “Journée portes ouvertes sur la BRVM” (BRVM = Bourse Régionale des Valeurs Mobilières)

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I. Introduction and Purpose

On Wednesday, December 22, 1999 a meeting called “Journées Portes Ouvertes sur la BRVM” was held at the *Palais des Congrès*. The purpose of this meeting was to give full information to the participants about BRVM (Bourse Régionale des Valeurs Mobilières), the **UEMOA countries’ Stock Exchange** and to make them aware of its activities. The BRVM is funded by the UEMOA central bank (BCEAO), with a financial and technical support of governments of Canada, France, U.S.A, the World Bank and the individual member countries of UEMOA.

The BRVM is located in Abidjan (Cote d’Ivoire) and started activities on September 16, 1998. This institution is the result of all UEMOA countries’ effort: Benin, Burkina Faso, Cote d’Ivoire, Guinee-Bissau, Mali, Niger, Senegal and Togo. An office of the BRVM is located in each of these countries through what is called an *ANB* (“Antenne Nationale de Bourse”).

II. Definitions and Clarifications

A stock exchange is a market place where people gather to buy and sell securities. In such a market, prices for stocks and other securities traded are dictated by supply and demand. The BRVM offers two types of financial products: **shares** and **bonds**.

When you buy shares, you’re buying a piece of a company. You become a part owner, along with the other individuals and institutions that hold shares, of everything that corporation owns, which means its assets and its fortunes. A shareholder can make money in two ways: through **dividend income** while he owns a stock, and through **capital gains** when he sells the stock. He has the right to regular financial information about the company’s operations and receives the company’s annual report. The BRVM offers two types of shares: the **common shares** that give you voting rights and the **preferred shares** that give you the right to receive a fixed dividend income before the common share holders and a fixed amount of money in case of liquidation.

When you buy a bond, you are lending your money to a business, government or organization in return for a promise that it will pay back your principal by a certain date (the **maturity date**), along with regular interest payments until then.

III. The Role of the BRVM

The three principal roles of the BRVM are to:

- better mobilize savings in the region
- increase enterprise funding sources for more economic activities and more employment
- attract foreign investment

Through the BRVM activities, private firms and governments can have access to long term funding (five, ten, or thirty years) and can obtain a free worldwide promotion. In return, more transparency is required in management side since shareholders have to say in how the company is run. Also, obligation of transparency pushes enterprises to more efficiency and then to avoid negative effects of issuing shares or bonds.

IV. Why are Malian Enterprises Absent in Abidjan?

Among the 38 companies presently listed at the BRVM for the eight UEMOA countries, 37 are Ivoirian and only 1 is Senegalese. There is no Malian firm on the list. Two reasons explain this situation:

- Firstly, because of limited promotion of the BRVM in the Region and in the individual countries. Much more visibility is then necessary for the BRVM, especially in Mali.
- Secondly, because Malian enterprises do not satisfy the entry conditions. Among these conditions are 1) the presentation of certified balance sheets (two or five depending on the size of the company), 2) a capitalization level (at least 200 or 500 millions FCFA), and 3) the willingness to sell part of the enterprise to the public.

Following is some enterprises among those that could be candidate to the BRVM once privatized: EDM, SOTELMA, HUICOMA, MALITAS, AIR MALI SA, UMPP, SONATAM, COMANAV, SONAM, and SUKALA SA.

V. Investor Protection

- The Regional council CREPMF (Conseil Régional de l'Epargne Publique et des Marchés Financiers) plays the role of *Tutelle* to the Regional Financial Market by:
 - supervising shares or bonds issuing
 - authorizing participation to the process
 - monitoring all the operations
 - being the “Dépositaire Central/Banque de Règlement” (DC/BR)
- Guarantee Funds

In addition to the Regional council protection, the BRVM offers guarantees for all the stock market transactions by the Guarantee Funds through the DC/BR. All participants contribute to these funds.

□ Investor Protection Funds

These Funds are to compensate for the risk when a SGI (Société de Gestion ET d'Intermédiation) is unable to face its commitments. All the SGI contribute to these funds.

The SGI are the principal actors in the operation of the BRVM. They ensure the negotiations, and take care of stocks for the investors.

VI. How to be a Member of the BRVM?

As an investor or a private company, just contact the SGI in the Country. In general, returns are more important in a Stock Exchange than in traditional investments, but the risks can be higher.

Below is the SGI address for Mali:

SGI-MALI S.A.
Immeuble Nimagala
2eme Etage, Bureaux 144-155
Bamako

Tel: 23 41 19/23 29 70

Fax: 23 29 75

Email: sgi@cefib.com

For further information, the following references are available at the Program Office: 1) "Investissons pour l'avenir", "Journées portes ouvertes sur la BRVM", and "Bulletin officiel de la cote, BRVM".